

American Oriental Bioengineering Reports Third Quarter 2006 Financial Results Provides Financial Guidance for Fourth Quarter 2006

New York, November 14, 2006 (PR Newswire) -- American Oriental Bioengineering, Inc. (AMEX: AOB), a leading manufacturer and distributor of plant-based pharmaceutical and nutraceutical products in China, today announced financial results for the third quarter of 2006 as well as financial expectations for the fourth quarter of 2006.

	Q3 2006	Q3 2005	Percentage Change
Revenues (\$ Million)	27.1	13.4	102%
PBP Contribution	19.9	8.6	131%
PBN Contribution	7.2	4.8	50%
Cost of Goods Sold	9.0	4.9	83%
Gross Profit	18.1	8.5	113%
Total Operating Expenses	8.7	3.9	123%
Income from Operations	9.4	4.6	102%
Net Income	7.6	3.7	104%
EPS - Fully Diluted	\$0.12	\$0.08	50%
Diluted Share Count	62.8	44.1	43%

Revenues for the third quarter of 2006 increased 102% to \$27.1 million from \$13.4 million in the third quarter of 2005. Revenues growth reflects continued demand for the Company's leading PBP and PBN products, as well as a \$5.2 million contribution from the recent GLP acquisition. Revenues from PBP products increased 131% to \$19.9 million from \$8.6 million in the prior year's third quarter, driven by increased demand for Shuanghuanglian Injection Powder, Cease Enuresis Soft Gel and UrinStopper Patch. Revenues from PBN products increased 50% to \$7.2 million from \$4.8 million from the third quarter of 2005, due to increased demand for the Company's Soybean Peptide products.

Gross profit in the third quarter of 2006 increased 113% to \$18.1 million from \$8.5 million in the third quarter of 2005. Gross margin increased 340 basis points to 66.8% from 63.4% in the prior year's period. The increase in gross profit was a result of higher net sales, improved gross margins and operating efficiencies across PBP and PBN businesses.

Operating expenses in the third quarter increased to \$8.7 million compared to \$3.9 million in the prior year period. This increase was primarily due to increased promotional materials, marketing and distribution employees, and transportation expense commensurate with sales growth, as well as continued investment in the Company's brand, particularly related to Jinji products acquired with the GLP business. Income from operations for the third quarter increased 102% to \$9.4 million from \$4.6 million in the third quarter of 2005.

Net income for the third quarter of 2006 increased 104% to \$7.6 million, or \$0.12 per diluted share, compared to \$3.7 million, or \$0.08 per diluted share, in the prior year's period. Diluted shares outstanding increased 43% to 62.8 million on a year over year basis.

Mr. Tony Liu, Chairman and Chief Executive Officer of American Oriental Bioengineering commented, "We are very pleased with our performance for the third quarter as we achieved record growth in revenues, gross profit, operating income and net income. Organic growth increased 63% as we experienced strong demand in both our PBP and PBN product categories. We also continued to make excellent progress with our GLP acquisition. GLP revenues increased 70% from its two-month contribution in the second quarter as we distributed Jinji products across our integrated distribution network and concurrently promoted the brand."

Nine Months Ended September 30, 2006

For the nine months ended September 30, 2006, revenues increased 98% to \$69.2 million from \$35.0 million in the first nine months of 2005. During this same time period, gross profit improved 107% to \$46.0 million from \$22.2 million. Income from operations increased 88% to \$22.8 million from \$12.1 million in the first nine months of 2005, and net income improved 99% to \$18.4 million, or \$0.30 per diluted share, from \$9.2 million, or \$0.22 per diluted share, in the first nine months of 2005. Diluted shares outstanding increased 51% to 62.3 million on a year over year basis.

Balance Sheet & Liquidity

As of September 30, 2006, the Company had cash and cash equivalents of \$71.9 million, compared to \$57.3 million at December 31, 2005. The Company had long term debt of \$1.1 million as of September 30, 2006.

Fourth Quarter 2006 Financial Update

American Oriental Bioengineering today announced financial expectations for the fourth quarter of 2006. The company expects revenue to be in the range of \$34.0 to \$38.0 million and expects net income of at least \$9.5 million. This is a year over year revenue increase of 72%-92% and a net income increase of at least 127%. Based on a diluted sharecount of 65.0 million, the Company expects diluted earnings per share to be at least \$0.15. The Company's fourth quarter financial expectations do not take into account potential acquisitions.

Based on fourth quarter 2006 expectations, full year 2006 revenue is expected to be \$103.0 to \$107.0 million and net income is expected to be at least \$28.0 million, or \$0.44 per diluted share. This represents revenue growth of 88%-96% and net income growth of at least 108% on a year over year basis.

Mr. Liu concluded, "We expect to report full year 2006 revenue north of \$100 million and this is an important milestone for our Company. Our two-part growth strategy, which combines acquisitions with effective branding, distribution and integration, allowed us to consistently improve financial results and enhance shareholder value in 2006. We look forward to further capitalizing on this growth strategy in the coming year."

About American Oriental Bioengineering Inc.

American Oriental Bioengineering Inc. (AOB) is engaged in the development and production of plant-based pharmaceutical products and plant-based nutraceutical products widely distributed throughout China. For more information, visit <http://www.bioaobo.com>.

This news release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are other than statements of historical facts. These statements are subject to uncertainties and risks including, but not limited to, product and service demand and acceptance, changes in technology, economic conditions, the impact of competition and pricing, government regulation, and other risks contained in statements filed from time to time with the Securities and Exchange Commission. All such forward-looking statements, whether written or oral, and whether made by or on behalf of the company, are expressly qualified by the cautionary statements and any other cautionary statements which may accompany the forward-looking statements. In addition, the company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.

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